

Message Text

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USOECD

FOR EUR BEAUDRY FROM AMBASSADOR SALZMAN

E.O. 11652: N/A
TAGS: OECD, ECIN, SOPN
SUBJECT: SUBMISSION OF ARTICLE TO "THE NEW YORK TIMES"

ARTICLE REQUESTED BY "THE NEW YORK TIMES" OPED PAGE
EDITOR ON RELATIONSHIP OF ECONOMIC PROBLEMS AND
POLITICAL REALITIES OF THE SUMMIT AS VIEWED FROM HERE.
THE FOLLOWING TEXT IS SUBMITTED FOR CLEARANCE AND
FORWARDING:

THE SUMMIT: ONE STAGE IN A PROCESS

AT THE SUMMIT, ECONOMIC PROBLEMS AND POLITICAL REALITIES
CAME TOGETHER. THIS CONJUNCTION LARGELY REFLECTS THE
DIFFERENT FUNCTIONS OF THE OECD AND THE SUMMIT, AND
NATURALLY, AS AMBASSADOR AT THE OECD, MY VIEWS ARE A
REFLECTION OF MY EXPERIENCE HERE. THOSE WHO PARTICI-
PATED IN THE SUMMIT MAY WELL HAVE A DIFFERENT PER-
SPECTIVE. SEEN FROM HERE, THE BONN SUMMIT DEMONSTRATED
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ONCE AGAIN THAT THE INDUSTRIAL DEMOCRACIES ARE DEVELOP-
ING THE CAPABILITY OF HARMONIZING THE NATIONAL DOMESTIC
ECONOMIC POLICIES OF EACH IN THE INTERNATIONAL INTEREST
OF ALL. THE ECONOMIC PROBLEMS WHICH THE SUMMIT PAR-
TICIPANTS ADDRESSED HAVE NOT YET BEEN SOLVED, AND THE
IMPLEMENTATION OF THE NATIONAL POLICIES DISCUSSED AT
BONN AWAIT THE ACTIONS OF NATIONAL LEGISLATURES AND

ADMINISTRATIONS. NEVERTHELESS, SEEMINGLY CONFLICTING NATIONAL INTERESTS TURNED OUT NOT TO BE MUTUALLY EXCLUSIVE.

THE CONCLUSIONS REACHED ARE IMPORTANT IN A NUMBER OF RESPECTS, SOME OF WHICH MAY NOT BE READILY APPARENT TO THE GENERAL PUBLIC. IT IS IN THESE ANNUAL INTERNATIONAL MEETINGS TO DISCUSS ECONOMIC PROBLEMS THAT THE PRESIDENT TAKES THE DECISIONS ON THE POLICY LINES TO BE FOLLOWED, THEREBY USING THE PAST YEAR'S CONSULTATIONS AT WORKING LEVELS TO YIELD RESULTS AND TO GIVE A SENSE OF DIRECTION FOR THE WORK TO BE DONE IN THE YEAR AHEAD.

IN MY VIEW, THERE HAS BEEN INSUFFICIENT PUBLIC AWARENESS OF THE CONTINUOUS PROCESS OF INTERNATIONAL CONSULTATION AND ANALYSIS IN THE VARIOUS HIGH-LEVEL MEETINGS OF NATIONAL POLICY-MAKERS THAT GO ON THE YEAR LONG PRECEDING AND FOLLOWING SUMMITS OF HEADS OF GOVERNMENT SUCH MEETINGS PROVIDE OPPORTUNITIES FOR EXCHANGES OF IDEAS AND EXPERIENCE, FOR PROBING THE OUTER LIMITS OF POLITICAL POSSIBILITIES AS WELL AS DETERMINING THE IMMEDIATE NECESSITIES OF ECONOMIC SELF-INTEREST. GIVEN THE LIMITATIONS IMPOSED BY NATIONAL SOVEREIGNTY, THESE CONSULTATIONS INFORM NATIONAL GOVERNMENTS OF THE NATIONAL DECISIONS OF OTHER GOVERNMENTS AND MAY NARROW POLICY DIFFERENCES AMONG THEM. THIS IS ABOUT AS MUCH LIMITED OFFICIAL USE

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AS WE CAN REALISTICALLY EXPECT INTERNATIONAL INTERDEPENDENCE TO BE AT THIS POINT.

THE SUMMIT, READ IN THESE TERMS, REFLECTS QUITE SPECIFICALLY THE WORK OF THE "SHERPAS" THROUGHOUT THE YEAR. THE FOREIGN AND FINANCE MINISTERS' MEETING AT THE OECD IN JUNE, A MONTH AGO, POINTED THE WAY BY PURSUING LESS AMBITIOUS GOALS, QUANTITATIVELY, THAN IN 1977, BUT GOALS WHICH WERE MORE CLOSELY STUDIED, MORE REALISTIC POLITICALLY, AND WHICH REPRESENTED A MORE WILLING CONSENSUS AND A GREATER AWARENESS OF THE INTERNATIONAL CONSTRAINTS ON DOMESTIC POLICIES. THE DISCUSSIONS OF MINISTERS ASSAYED THE INGREDIENTS ON WHICH SUMMIT DISCUSSIONS COULD BE BASED AND SUGGESTED AN OUTLINE OF A POSSIBLE TRADE-OFF OR MUTUALLY BENEFICIAL STEPS EACH COUNTRY COULD TAKE.

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AN OUTLINE, OF COURSE, IS A LONG WAY FROM AN UNDER-
STANDING BEARING THE IMPRIMATURS OF HEADS OF GOVERNMENT.
IT WAS ONLY THEIR POLITICAL INTERVENTION THAT MADE THE
PACKAGE COME ALIVE. THE SUMMIT DECISIONS ACCEPTED THE
OECD MINISTERIAL MEETING RECOMMENDATIONS IN RESPECT TO
THE NEED FOR CONCERTED ACTION TO ACHIEVE NON-INFLA-
TIONARY GROWTH, ENERGY CONSERVATION, REDUCTION OF THE
INFLATION RATE, THE RENEWAL OF THE OECD TRADE PLEDGE AND
ON THE NEED FOR WHAT THE OECD HAS TERMED "POSITIVE
ADJUSTMENT POLICIES" THAT FACILITATE STRUCTURAL CHANGES
IN THE ECONOMIES OF THE INDUSTRIALIZED COUNTRIES, TO HELP
SECTORS IN DIFFICULTIES WITHOUT INTERFERING WITH
INTERNATIONAL COMPETITION AND TRADE FLOWS.

THE UNIQUE CONTRIBUTION THAT COULD ONLY COME FROM HEADS
OF GOVERNMENT WAS TO MAKE THESE INTO NATIONAL POLICIES,
OF CONCERN TO NATIONAL LEGISLATURES AND TO THE GENERAL
PUBLIC. THE OECD AND OTHER INTERNATIONAL FORA MAY HAVE
PROVIDED THE BRICKS; ONLY HEADS OF GOVERNMENT COULD
PROVIDE THE MORTAR. IT WAS ONLY THEY WHO HAVE THE STA-
TURE AND THE POWER TO SEND A MESSAGE THAT THE CITIZENS
OF THEIR COUNTRIES WOULD UNDERSTAND AND, I HOPE, ACCEPT.

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IN INTERNATIONAL ECONOMIC AFFAIRS, PUBLIC EXPECTATIONS
ARE APT TO EXCEED REALISTIC POSSIBILITIES FOR AGREEMENT
AND PROGRESS. THE SUBSTANCE OF THE PROBLEMS IS OFTEN SO

COMPLEX THAT MOST PEOPLE DON'T UNDERSTAND OR CAN'T BE BOTHERED. JOURNALISM, POLITICAL PROCESSES, AND ECONOMIC PROBLEM-SOLVING SEEM TO OPERATE IN DIFFERENT TIME PERIODS. ECONOMIC ISSUES GENERALLY SEEM TO TAKE AS LONG TO RESOLVE AS THEY TOOK TO BE GENERATED -- QUITE A WHILE. POLITICS GENERALLY ARE MORE VOLATILE AND ARE GEARED TO SHIFTS IN LEGISLATIVE MAJORITIES AND THE DATES OF ELECTIONS. THE GENERAL PUBLIC SEEMS TO DEMAND THAT THE APPETITE OF THE DAY BE SATISFIED. THE PRESS, INFLUENCED BY POPULAR DEMAND, MAY DRAMATIZE THE DISCUSSION BY REFERRING TO "HARD BARGAINING" AND "TOUGH DECISIONS," AND PERHAPS CONTRIBUTE TO SUCH UNREALISTIC EXPECTATIONS.

THUS, POPULAR ATTITUDES TOWARD SUMMITS MAY DERIVE NOT SO MUCH FROM "OVERSELLING" AS FROM "OVERBUYING." WHICHEVER IT MAY BE INCLINES THE PUBLIC TO DISAPPOINTMENT WHATEVER THE RESULT AND MAKES THE ADOPTION AND MAINTENANCE OF SENSIBLE ECONOMIC POLICIES THAT MUCH MORE DIFFICULT TO ACHIEVE.

SALZMAN

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